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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/528,466	03/17/2000	Steven R. Mitchell	004576.P001	4362

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Los Angeles, CA 90025

EXAMINER

POND, ROBERT M

ART UNIT	PAPER NUMBER
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3625

DATE MAILED: 01/14/2004

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary

Application No.

09/528,466

Applicant(s)

MITCHELL, STEVEN R.

Examiner

Robert M. Pond

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 23 October 2003.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-53 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-53 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☒ The drawing(s) filed on 17 March 2003 is/are: a) ☒ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. §§ 119 and 120

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. _____.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
* See the attached detailed Office action for a list of the certified copies not received.
- 13) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. § 119(e) (to a provisional application) since a specific reference was included in the first sentence of the specification or in an Application Data Sheet. 37 CFR 1.78.
a) ☐ The translation of the foreign language provisional application has been received.
- 14) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. §§ 120 and/or 121 since a specific reference was included in the first sentence of the specification or in an Application Data Sheet. 37 CFR 1.78.

Attachment(s)

- 1) ☐ Notice of References Cited (PTO-892) 4) ☐ Interview Summary (PTO-413) Paper No(s). _____
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948) 5) ☐ Notice of Informal Patent Application (PTO-152)
- 3) ☐ Information Disclosure Statement(s) (PTO-1449) Paper No(s) _____ 6) ☐ Other: _____

DETAILED ACTION

Response to Amendment

The Applicant filed a Request for Continued Examination under 37 CFR 1.114. The Applicant neither added, nor canceled, nor amended any claims. All claims pending, 1-53, were examined in this non-final Office Action.

Response to Arguments

Applicant's arguments filed 30 September 2003 have been fully considered but they are not persuasive. Applicant's arguments were based on the removal of the primary reference Sharp et al. under 37 CFR 1.131. The declaration filed on 30 September 2003 under 37 CFR 1.131 has been considered but is ineffective to overcome the 102(e) reference.

Declaration

The Applicant is attempting to show prior inventorship by demonstrating: conception, diligence before, through, and after the effective filing date of the 102(e) reference, and up to filing the application (constructive reduction to practice).

Conception

1. The evidence submitted is insufficient to establish conception of the invention prior to the effective date of the 102(e) reference. While conception is the mental part of the inventive act, it must be capable of proof, such as by demonstrative evidence or by a complete disclosure to another. Conception is more than a vague idea of how to solve a problem. The requisite means themselves and their interaction must also be comprehended. See *Mergenthaler v. Scudder*, 1897 C.D. 724, 81 O.G. 1417 (D.C. Cir. 1897).
 - Document A (Paper # 4, filed 05 February 2003) was determined to be deficient in establishing complete disclosure to another by failing to convey that the Purchasing Coordinator was more than a vague idea and that one of ordinary skill in the art could reduce it to practice without undue experimentation. Furthermore, it did not meet the requirement of a third-party filing a corroboratory declaration. See MPEP 715.07 (Paper #5, Final Rejection, 16 April 2003)
 - Newly presented Documents A-C (Paper #11, 30 September 2003) are deficient. The showing of facts shall be such, in character and weight, as to establish reduction to practice prior to the effective date of the reference, or conception of the invention prior to the effective date of the reference coupled with due diligence prior to said date to a subsequent reduction to practice or to the filing of the application. Original exhibits of drawings or records, or photocopies thereof, must accompany and form

part of the affidavit or declaration, or their absence satisfactorily explained (please refer to 37 CFR 1.131(b)). The Applicant attempted to establish conception based on vague testimony as noted above based on Document A (Paper #4, filed 05 February 2003), and newly presents Document A depicting a detailed flow chart without explaining why this document and Document B were absent from the original declaration. The Applicant newly presents Document C containing computer screen shots of web pages and directory information without explaining why this document was absent from the original declaration.

Diligence

2. The evidence submitted is insufficient to establish diligence from a date prior to the date of reduction to practice of the 102(e) reference (Sharp et al., filed 01 December 1998) to either a constructive reduction to practice or an actual reduction to practice.
 - Document D: generic computer screen shots fail to establish a nexus with the claimed invention. The Applicant newly presents Document D containing computer screen shots of web pages and directory information without explaining why this document was absent from the original declaration.

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- Documents E, F, and G: computer logs fail to establish a nexus with the claimed invention.
- Documents H, J-K: explains activity occurring between 05 January 1999 through 01 October 1999 disrupting diligence. Please note the examiner confirmed that document nomenclature intentionally skipped the letter "I."
- Document L: block diagram fails to establish a nexus with the claimed invention. Please note: a gap in diligence exists from at least 01 October 1999 to the filing date of 17 March 2000. A long interval of unexplained inactivity is deemed to be not diligent.
- Document M: notes fail to establish a nexus with the claimed invention.

Official Notice Admitted Prior Art

The Applicant did not challenge the examiner's taking of Official Notices in the Office Action for Claims 3-7, 19-24, 36-38, and 43-45. The common knowledge or well-known in the art statements are taken to be admitted prior art because applicant either failed to traverse the examiner's assertion of official notices or that the traverse was inadequate. Please refer to MPEP 2144.03(c).

Claim Rejections - 35 USC § 101

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requires of this title.

3. Claims 1-53 are rejected under 35 USC 101 because the claimed invention is directed to non-statutory subject matter.

The claims are directed to a process that does nothing more than manipulate an abstract idea. Mere recitation in the preamble (i.e., intended use) or mere implication of employing a machine or article of manufacture to perform some or all of the recited steps does not confer statutory subject matter to an otherwise abstract idea. There is no practical application in the technological arts. For subject matter to be statutory, the claimed process must be limited to a practical application of the abstract idea or mathematical algorithm in the technological arts. See *In re Alappat* 33 F.3d at 1543, 31 USPQ2d at 1556-57 (quoting *Diamond V. Diehr*, 450 U.S. at 192, 209 USPQ at 10). A claim is limited to a practical application when the method, as claimed, produces a concrete, tangible and useful result: i.e. the method recites a step or act of producing something that is concrete, tangible and useful. See *AT&T v. Excel Communications Inc.*, 172 F.3d at 1358, 50 USPQ2d at 1452.

Claim Rejections - 35 USC § 102

The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(e) the invention was described in (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) shall have the effects for purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21(2) of such treaty in the English language.

- 4. Claims 1-2, 8-9, 11-13, 16-18, 25-26, 28-30, 33-35, 39-42, 46-47, 49, and 51-52 are rejected under 35 USC 102(e) as being anticipated by Sharp et al. (Paper #2, patent number 6,263,317).**

Sharp et al. teach all the limitations of Claims 1-2, 8-9, 11-13, 16-18, 25-26, 28-30, 33-35, 39-42, 46-47, 49, and 51-52. For example, Sharp et al. disclose a system, method, and machine readable medium of selling goods over the Internet that allow consumers to place orders for brand-name products and allocate orders to manufacturers, distributors, and retailers according to distribution channel protocols defined by the manufacturer. Sharp et al. disclose the e-commerce website allowing the customer to place multiple orders for multiple products or services in a single session based on product information supplied by manufacturers, distributors, and retailers, allocating the order to a supplier or suppliers of these selected products after the order is confirmed (see at least abstract; Fig. 1(100); col. 1, lines 20-62; col. 2, line 25 through col. 3, line

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44). Sharp et al. disclose a secure server implementing code for order status, order fulfillment, order allocation, dynamic website, and further teach Internet access to the secure sever over the Internet by consumers, manufacturers, and manufacturer partners comprising distributors and retailers (please see at least Fig. 2 (200); col. 3, lines 45-60). Sharp et al. disclose customers conducting secure web browsing activities over the Internet, accessing manufacturer web sites, retailer web sites, and further teach manufacturer and retailer sites redirecting customers to the e-commerce site. Sharp et al. disclose a customer's order being split among multiple suppliers due to the presence of more than one allocation protocol, checking product availability in inventory, completing the product allocation process among one or more suppliers, charging buyers for the cost of the product, including costs for taxes, shipping and handling, and transferring funds to suppliers for the cost of the product including funds to cover shipping and handling (see at least Fig. 3 (303-390); Fig. 4 (400); col. 3, line 60 through col. 5, line 63).

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

- 5. Claims 3-7, 19-24, 36-38, and 43-45 are rejected under 35 USC 103(a) as being unpatentable over Sharp et al. (Paper #2, patent number 6,263,317), in view of Official Notice (Paper #2, regarding profit data and inventory picking, hereinafter referred to as 'ON1'), further in view of Official Notice (Paper #2, regarding retailer and distributor profit data, hereinafter referred to as "ON2").**

Sharp et al. teach all the above as noted under the 102(e) rejection and further teach a) charging buyers for the cost of the product, including costs for taxes, shipping and handling, b) transferring funds to suppliers for the cost of the product, including funds to cover shipping and handling, and c) establishing a warehouse of products by various manufacturers on consignment maintained by the owner of the website, or from the distributor, or from the manufacturer depending on the results of the allocation process. This examiner takes the position that the structure of the funds transferred to the supplier varies depending on where the product is picked for shipment. For example, if a retailer redirects a buyer to the purchasing site and the retailer's own inventory is picked, the profit data submitted to the purchasing site by the retailer would include its cost for the product and its profit. If the retailer redirects the buyer to the purchasing site, and the product is picked from the purchasing site's warehouse, then the retailer's profit data would comprise its commission for the sale. Therefore it is would have been obvious to one of ordinary skill in the art at time of the invention to include different profit data as taught by ON1, in order to

accommodate the various schemes of picking inventory, and thereby satisfy the needs of the suppliers involved in the sale.

Sharp et al. and ON1 teach all the above as noted under the 103(a) rejection but do not disclose retailer and distributor profit pricing. This examiner takes the position it is old and well-known for manufacturers to quote retailers a suggested list price and the retailer's cost of the product. From this information the retailer prices the product to the buyer based on a percentage or a specified amount above generally not to exceed the manufacturer's suggested list price and do so according to various methods:

- retailers vary their profit across products based on supply, demand, and volume purchasing criteria,
- retailers maintain the same profit across one or more goods sold, and
- the above statement pertaining to retailers applies to distributors wherein the distributor's customer is typically a retailer.

Therefore it would have been obvious to one of ordinary skill in the art at time of the invention to modify the system, method, and machine readable medium of Sharp et al. and ON1 to include retailer and distributor profit pricing support as taught by ON2, in order to better support the business needs of the retailer and distributor, and thereby attract more retailers and distributors to the electronic commerce site.

- 6. Claims 10, 27, and 48 are rejected under 35 USC 103(a) as being unpatentable over Sharpe et al. (Paper #2, patent number 6,263,317), in view of Blinn et al. (Paper #2, patent number 6,058,373).**

Sharp et al. teach all the above as noted under the 102(e) rejection and further teach a) using infrastructure code for the secure server comprising Microsoft Active Server Pages, Microsoft Site Server, and Microsoft SQL database, b) collecting shipping address information, c) using zip code data or other geo-based allocation scheme to determine supplier geographic proximity to the buyer, and d) accessing the site via a global communications network, but does not request a buyer's country data for shipping purposes. Blinn et al. teach the system and method of Microsoft's merchant system featuring a site server that manages the processes necessary to execute electronic sales transactions. Blinn et al. further teach collecting the buyer's full address including country for shipping purposes (see at least abstract; Fig. 1-3; col. 1, line 65 through col. 4, line 14). Therefore it would have been obvious to one of ordinary skill in the art at time of the invention to modify the system, method, and machine-readable medium of Sharp et al. to include country data as taught by Blinn et al., in order to determine supplier proximity to buyer, and thereby minimize shipping costs and reduce transit time to the buyer.

- 7. Claims 14 and 31 are rejected under 35 USC 103(a) as being unpatentable over Sharpe et al. (Paper #2, patent number 6,263,317), in view of Applicant Admission (Paper #2, regarding periodic payments).**

Sharp et al. teach all the above as noted under the 102(e) rejection and further teach transferring funds to suppliers to cover their costs for products, but does not disclose specifics on other settlement arrangements. The Applicant discloses old and well-known business practices of suppliers receiving payment for products sold based on periodic settlement arrangements with their retailers (e.g. 30 day period). Therefore it would have been obvious to one of ordinary skill in the art at time of the invention to modify the method of Sharp et al. to include periodic payments as taught by Applicant Admission, in order to compress or expand periodic settlement with suppliers as necessary to achieve competitive advantage over rival sites, and thereby attract more suppliers to the site with more favorable settlement terms.

- 8. Claims 15, 32, and 50 are rejected under 35 USC 103(a) as being unpatentable over Sharp et al. (Paper #2, patent number 6,263,317), in view of Messer (Paper #2, patent number 5,991,740).**

Sharp et al. teach all the above as noted under the 102(e) rejection and further teach a purchasing server that coordinates a buyer's purchasing transaction with participating suppliers but does not disclose how the purchasing site sustains itself financially to remain in business. Messer teaches a system

and method of tracking and managing commerce related activities over a public network and discloses a novel commission plan that allows a portion of a successful sale made by a participating merchant be retained as credit to the site owner. Therefore it would have been obvious to one of ordinary skill in the art at time of the invention to modify the system, method, and machine-readable medium of Sharp et al. to include site commissions as taught by Messer, in order to generate revenues necessary to fund the purchasing site's operation.

- 9. Claim 53 is rejected under 35 USC 103(a) as being unpatentable over Sharpe et al. (Paper #2, patent number 6,263,317), in view of Messer (Paper #2, patent number 5,991,740), and further in view of Applicant Admission (Paper #2, regarding periodic payments).**

Sharp et al. teach all the above as noted under the 102(e) rejection and further teach a purchasing server that coordinates a buyer's purchasing transaction with participating suppliers but does not disclose how the purchasing site sustains itself financially to remain in business. Messer teaches a system and method of tracking and managing commerce related activities over a public network and discloses a novel commission plan that allows a portion of a successful sale made by a participating merchant be retained as credit to the site owner. Therefore it would have been obvious to one of ordinary skill in the art at time of the invention to modify the system, method, and machine-readable

medium of Sharp et al. to include site commissions as taught by Messer, in order to generate revenues necessary to fund the purchasing site's operation.

Sharp et al. and Messer teach all the above as noted under the 103(a) rejection and further teach transferring funds to suppliers to cover their costs for products, but does not disclose specifics on other settlement arrangements. The Applicant discloses old and well-known business practices of suppliers receiving payment for products sold based on periodic settlement arrangements with their retailers (e.g. 30 day period). Therefore it would have been obvious to one of ordinary skill in the art at time of the inventions to modify the method of Sharp et al. and Messer to include periodic payments as taught by Applicant Admission, in order to compress or expand periodic settlement with suppliers as necessary to achieve competitive advantage over rival sites, and thereby attract more suppliers to the site with more favorable settlement terms.

Conclusion

Any inquiry concerning this communication or earlier communications from the examiner should be directed to **Mr. Robert M. Pond** whose telephone number is 703-605-4253. The examiner can normally be reached Monday-Friday, 8:30AM-5:30PM Eastern.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, **Ms. Vincent Millin** can be reached on 703-308-1065.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the **Receptionist** whose telephone number is **703-308-1113**.

Any response to this action should be mailed to:

Commissioner of Patents and Trademarks


Washington D.C. 20231

or faxed to:

703-872-9306 (Official communications; including After Final communications labeled "Box AF")

Hand delivered responses should be brought to Crystal Park 5, 2451 Crystal Drive, Arlington, VA, 7th floor receptionist.

RMP
January 8, 2004


Jeffrey A. Smith
Primary Examiner